

REFERENCE TITLE: **education tax credits; contribution amounts**

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
First Regular Session  
2009

## **HB 2471**

Introduced by  
Representatives Chabin: Ableser, Campbell CH, Miranda B

AN ACT

AMENDING SECTIONS 43-1089 AND 43-1089.01, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2       Section 1. Section 43-1089, Arizona Revised Statutes, is amended to  
3 read:

43-1089. Credit for contributions to school tuition organization: definitions

A. A credit is allowed against the taxes imposed by this title for FIFTY PER CENT OF the amount of voluntary cash contributions made by the taxpayer during the taxable year to a school tuition organization, but not exceeding:

1. Five hundred dollars in any taxable year for a single individual or a head of household.

2. Eight hundred twenty-five dollars in taxable year 2005 for a married couple filing a joint return.

3. One thousand dollars in taxable year 2006 and any subsequent **TAXABLE** year for a married couple filing a joint return.

B. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.

C. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

D. The credit allowed by this section is in lieu of any deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.

E. The tax credit is not allowed if the taxpayer designates the taxpayer's contribution to the school tuition organization for the direct benefit of any dependent of the taxpayer.

F. A school tuition organization that receives a voluntary cash contribution pursuant to subsection A shall report to the department, in a form prescribed by the department, by February 28 of each year the following information:

1. The name, address and contact name of the school tuition organization.

2. The total number of contributions received during the previous calendar year.

3. The total dollar amount of contributions received during the previous calendar year.

4. The total number of children awarded educational scholarships or tuition grants during the previous calendar year.

5. The total dollar amount of educational scholarships and tuition grants awarded during the previous calendar year.

6. For each school to which educational scholarships or tuition grants were awarded:

1           (a) The name and address of the school.  
2           (b) The number of educational scholarships and tuition grants awarded  
3 during the previous calendar year.

4           (c) The total dollar amount of educational scholarships and tuition  
5 grants awarded during the previous calendar year.

6           G. For the purposes of this section:

7           1. "Handicapped student" means a student who has any of the following  
8 conditions:

9           (a) Hearing impairment.

10          (b) Visual impairment.

11          (c) Preschool moderate delay.

12          (d) Preschool severe delay.

13          (e) Preschool speech or language delay.

14          2. "Qualified school" means a nongovernmental primary school or  
15 secondary school or a preschool for handicapped students that is located in  
16 this state, that does not discriminate on the basis of race, color, handicap,  
17 familial status or national origin and that satisfies the requirements  
18 prescribed by law for private schools in this state on January 1, 1997.

19          3. "School tuition organization" means a charitable organization in  
20 this state that is exempt from federal taxation under section 501(c)(3) of  
21 the internal revenue code and that allocates at least ninety per cent of its  
22 annual revenue for educational scholarships or tuition grants to children to  
23 allow them to attend any qualified school of their parents' choice. In  
24 addition, to qualify as a school tuition organization the charitable  
25 organization shall provide educational scholarships or tuition grants to  
26 students without limiting availability to only students of one school.

27          Sec. 2. Section 43-1089.01, Arizona Revised Statutes, is amended to  
28 read:

29          43-1089.01. Tax credit: public school fees and contributions:  
30                           definitions

31          A. A credit is allowed against the taxes imposed by this title for  
32 **FIFTY PER CENT OF** the amount of any fees or cash contributions made by a  
33 taxpayer during the taxable year to a public school located in this state for  
34 the support of extracurricular activities or character education programs of  
35 the public school, but not exceeding:

36           1. Two hundred dollars for a single individual or a head of household.

37           2. Three hundred dollars in taxable year 2005 for a married couple  
38 filing a joint return.

39           3. Four hundred dollars in taxable year 2006 and any subsequent  
40 **TAXABLE** year for a married couple filing a joint return.

41          B. A husband and wife who file separate returns for a taxable year in  
42 which they could have filed a joint return may each claim only one-half of  
43 the tax credit that would have been allowed for a joint return.

1       C. The credit allowed by this section is in lieu of any deduction  
2 pursuant to section 170 of the internal revenue code and taken for state tax  
3 purposes.

4       D. If the allowable tax credit exceeds the taxes otherwise due under  
5 this title on the claimant's income, or if there are no taxes due under this  
6 title, the taxpayer may carry the amount of the claim not used to offset the  
7 taxes under this title forward for not more than five consecutive taxable  
8 years' income tax liability.

9       E. The site council of the public school that receives contributions  
10 that are not designated for a specific purpose shall determine how the  
11 contributions are used at the school site. If a charter school does not have  
12 a site council, the principal, director or chief administrator of the charter  
13 school shall determine how the contributions that are not designated for a  
14 specific purpose are used at the school site.

15     F. A public school that receives fees or a cash contribution pursuant  
16 to subsection A of this section shall report to the department, in a form  
17 prescribed by the department, by February 28 of each year the following  
18 information:

19       1. The total number of fee and cash contribution payments received  
20 during the previous calendar year.

21       2. The total dollar amount of fees and contributions received during  
22 the previous calendar year.

23       3. The total dollar amount of fees and contributions spent by the  
24 school during the previous calendar year.

25       G. For the purposes of this section:

26       1. "Character education programs" means a program described in section  
27 15-719.

28       2. "Extracurricular activities":

29       (a) Means school sponsored activities that require enrolled students  
30 to pay a fee in order to participate, including fees for:

31       (i) Band uniforms.

32       (ii) Equipment or uniforms for varsity athletic activities.

33       (iii) Scientific laboratory materials.

34       (iv) In-state or out-of-state trips that are solely for  
35 competitive events. ~~Extracurricular activities do~~

36       (b) DOES not include any senior trips or events that are recreational,  
37 amusement or tourist activities.